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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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AZ CORP COMMISSION
DOCKET CONTROLArizona Corporation Commission
DOCKETED

OCT 09 2013

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
 SOUTHWEST TRANSMISSION COOPERATIVE,
 INC. FOR A HEARING TO DETERMINE THE
 FAIR VALUE OF ITS PROPERTY FOR
 RATEMAKING PURPOSES, TO FIX A JUST AND
 REASONABLE RETURN THEREON AND TO
 APPROVE RATES DESIGNED TO DEVELOP
 SUCH RETURN

Docket No. E-04100A-12-0353

**SWTC'S EXCEPTIONS TO
 RECOMMENDED OPINION
 AND ORDER**

Southwest Transmission Cooperative, Inc. ("SWTC" or the "Cooperative") has reviewed the Recommended Opinion and Order ("ROO") of the Administrative Law Judge, dated October 4, 2013, and requests that the Commission approve it with the minor changes requested herein.

I. Depreciation Rates

First, the ROO recommends approval of the depreciation rates that were submitted as Exhibit PS-2 to the Direct Testimony of Peter Scott. At the hearing, Mr. Scott's testimony was admitted as Exhibit "SWTC-1." However, in several areas of the ROO, Mr. Scott's testimony is identified as Hearing Exhibit "SWTC-2." Therefore, SWTC requests that the references to "SWTC-2" be replaced with "SWTC-1" at the following ROO locations:

Finding 58, page 9, line 8;

Conclusion of Law 6, page 10, line 11; and

The first Ordering Paragraph on page 11, line 2.

1 II. Transmission Revenue Adjustor

2 The ROO recommends approval of SWTC's request for a Network Transmission
3 Revenue Adjustor ("TRA"). The TRA provides a mechanism to adjust network transmission
4 rates downward to account for increased revenues from new Firm Point-To-Point Transmission
5 agreements. As explained in Finding 50 of the ROO, in the event that SWTC enters into an
6 additional Firm Point-To-Point Transmission contract in the future, SWTC will file a TRA Tariff
7 Rider and supporting documents with the Commission for approval. The TRA Plan of
8 Administration ("TRA POA") includes a compliance reporting requirement at page 3, lines 22-
9 38. The compliance reporting requirement is intended to be triggered by the effective date of the
10 first TRA Tariff Rider that actually adjusts the Cooperative's network rates.

11 The second Ordering Paragraph on page 11 of the ROO requires SWTC to file
12 conforming copies of the TRA Tariff Rider and TRA POA with Docket Control by October 31,
13 2013. Since no additional Firm Point-To-Point Transmission contract will have been entered
14 into at that time, SWTC will file a conforming TRA Tariff Rider reflecting a \$0 adjustment to its
15 network transmission rates. Given that this initial TRA Tariff Rider filing will not impact the
16 Cooperative's rates, SWTC believes it should not be interpreted to trigger the compliance
17 reporting requirement described in the TRA POA.

18 Therefore, SWTC requests that the following sentences be added at the end of the second
19 Ordering Paragraph on page 11 of the ROO to confirm that the initial compliance filing does not
20 trigger the TRA POA compliance requirement:

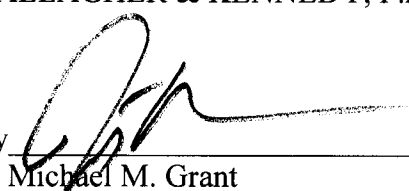
21 The filing of the conforming tariff by October 31, 2013 shall not trigger the
22 compliance reporting requirement set forth in the Plan of Administration at
23 page 3, lines 22-38. Instead, the compliance reporting requirement set forth in
24 the Plan of Administration shall be triggered by the first Network
Transmission Revenue Adjustor Tariff Rider approved by the Commission
after November 1, 2013.

1 III. Direct Assignment Facilities Rate

2 Finally, Exhibit A to the ROO states the rates and charges which are approved to go into
3 effect on November 1, 2013. However, there is a typographical error in the rate shown for Direct
4 Assignment Facilities, which is the last item on Exhibit A. The Direct Assignment Facilities rate
5 should be "\$133,210" per month instead of "\$33,210." See Rejoinder Testimony of Gary E.
6 Pierson, Hearing Exhibit SWTC-4 at Exhibit GEP-11, line 24.

7 RESPECTFULLY SUBMITTED this 9th day of October, 2013.

8 GALLAGHER & KENNEDY, P.A.

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16 9th day of October, 2013, with:

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21 **Copies** of the foregoing delivered this
22 9th day of October, 2013, to:

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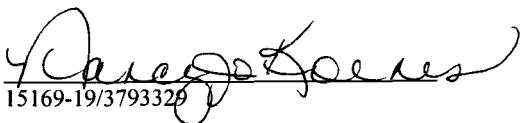
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